

Property Writes

Volume 2

July 2007

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Message from the Director

The division has recently completed it's annual valuation of centrally assessed companies and we are working hard to complete the sales ratio studies and certify tax rates. We know that the assessment this year has been a struggle for many counties. The implementation of new computer systems, substantial market movement in some areas, and resource issues has caused delays and headaches for many of you. We understand. We constantly deal with many of the same issues as you and have recently implemented new computer systems as well. New computer systems are always a time consuming and stress inducing process. We hope we have been helpful and supportive in your struggles.

The UAC spring conference in Logan was very interesting and productive. We in the division appreciate the opportunity to meet with the various county officials and discuss the issues of interest to us all. This year, with personal property at the top of some legislative agendas, it is important for us to keep the lines of communication open and for us all to stay connected to what is happening. Good legislation is produced with thoughtful policy and administrative input from the county officials affected by the legislation. A couple of weeks ago I attended an administrative training workshop that has caused me to reconsider some of the things I thought I knew. One of the focus points of the

training was systems and processes we have put into place as public servants. We have great people in government. I am continually impressed by the quality and expertise of county officials and staffs. The training pointed out that often the thing holding government back from radical improvement is not the people but rather the systems and processes we have put in place for the public to deal with us. I believe some of our systems and processes could benefit from critical self-examination. As we all focus on doing our work cheaper and faster and making things more convenient for businesses and the public we can make a positive difference.

Denny Lytle, Director

County Key Numbers

Many counties have provided their county key numbers relating to Central Assessed Taxpayers. These have been input in the CAS computer system. The Division will provide you with updates if needed. If your county has missing or incorrect county key numbers please get the corrections to Sheldon Draper at (801) 297-3620 or Glen Stevens at (801) 297-3611 so that the County Key Numbers will be ready for the 2008 assessment.

Assessment Values

The centrally assessed sections have completed the 2007 assessment season. The 2006 values compared to 2007 are located in the table below. The change in values for 2007 are due to the following reasons.

- Air Lines – Purchase of new equipment.
- Coal – Corrections to formula in calculating values from prior years.
- Gas – Growth through new customers.
- Metal Mining – Higher commodity prices.
- Non-Metal Mining – Growth from building boom.
- Oil & Gas – Increased oil prices and new gas wells coming on line.
- Pipeline – Depreciation of equipment.
- Power – Growth through new customers.

- Rail Car – Increased traffic through state.
- Railroad – Increased traffic through state.
- Sand & Gravel – Construction boom and highway construction.
- Telecommunications – More cell phones.

As of the end of May, Utah energy prices were on a downward trend. If this trend continues the values of these companies may be down in 2008. Gas values are down 17% in 2007 from 2006 with one month having over a 50% change in price. Oil prices are down 12% and coal prices are down 10%, Metal prices show an increase with Gold up 7%, Silver up 18% and Copper up 10%.

Property Tax Division

Centrally Assessed Values Comparison

<u>Industry</u>	<u>2007</u>	<u>2006</u>	<u>Difference</u>
Air Line	1,218,627,240	1,121,226,790	97,400,450
Coal	457,819,852	538,833,755	(81,013,903)
Gas	542,122,500	535,642,520	6,479,980
Ground Access	2,929,431	2,744,888	184,543
Metal Mining	2,246,520,353	1,748,376,283	498,144,070
Non-Metal Mining	386,135,370	361,659,067	24,476,303
Oil & Gas	3,488,446,070	3,322,687,421	165,758,649
Pipeline	1,309,377,780	1,340,789,490	(31,411,710)
Power	4,635,576,372	4,421,411,459	214,164,913
Rail Car	97,541,414	80,602,558	16,938,856
Railroad	389,178,130	360,517,040	28,661,090
Sand & Gravel	278,325,242	239,701,255	38,623,987
Telecommunica- tions	1,844,306,155	1,795,108,790	49,197,365
Total	16,896,905,909	15,869,301,316	1,027,604,593

Real Property Happenings

This year's Sales Ratio Study is moving along. Many counties have requested an extension for closing their tax roll. Much of the problem this year is due to new computer systems. In addition, there are many large increases in value throughout the state.

Kim Jones and Shari Burgess are now conducting the 4-R Act, (Railroad Revitalization and

Regulatory Reform Act of 1976). A memorandum of understanding with the railroads has been established.

Curley Carey is now overseeing the Greenbelt program. The county reps are becoming more involved with assisting the counties with FAA issues and will co-ordinate with Curley.

Division promotions:

Glen Stevens, Natural Resource Manager
 Roger Barth, Natural Resource Senior Analyst
 Tina (Nichols) Wright, Utilities Research Analyst
 Mark Maxfield, County Representative
 Gina Holder, Senior Personal Property Auditor
 Cindy Clark, Natural Resource Research Analyst

Education Schedule:

Course E, Income Approach to Valuation
 Salt Lake City July 9-13, 2007

Course 204, Residential Report Writing and Case Studies
 Salt Lake City July 16-17, 2007

Course 302, Advanced Residential Applications and Case Studies
 Salt Lake City July 19-20, 2007

Course 301, Statistics, Modeling, Financial
 Salt Lake City July 26-27, 2007

Course G, Personal Property Valuation
 Salt Lake City July 30-August 3, 2007

Property Tax Administration in Utah
 Cedar City August 13-14, 2007 (evening class)
 Richfield August 15-16, 2007 (evening class)
 Nephi August 20-21, 2007 (evening class)
 Farmington August 22-23, 2007 (evening class)

Course 21—I day USPAP
 Salt Lake City September 12, 2007

Course K—Income Approach Application
 Salt Lake City September 17-20, 2007

Course 103—2 day USPAP Course
 Salt Lake City September 27-28, 2007



Property Tax Calendar

DATE	WHO	WHAT
Before July 1	USTC	Conducts public hearing on Sales Ratio corrective action orders. R861-1A-11(A)
	USTC	Conducts public hearing on personal property valuation schedules.
	Assessor	Review and revise 5-year reappraisal plans
Before July 7	USTC	Examine and compare reports of county auditors to equalize the assessment of taxable property among the counties of the state. 59-2-1009
July 10	USTC	Issue final orders on the appeal of orders issued as a result of the annual Sales Ratio Study. R861-1A-11(C)
By July 15	USTC	Send preliminary approval of proposed tax rates to the county auditor to be used on the "Notice of Valuation and Tax Change".
On or before July 22	County BOE/Auditor	Factor areas included in the Sales Ratio corrective action order before the "Notice of Valuation and Tax Changes" are sent out. R861-1A-11(C)
	Auditor	Prepare and mail "Notice of Valuation and Tax Changes" to all real property owners, including centrally assessed property owners. 59-2-919
	County BOE/Auditor	By September 15th of the current year or within 45 days following mailing of notice, applications for appeal of locally assessed real property are due to the county board of equalization. 59-2-1004 & 59-2-1001
On or before August 1	USTC	Conduct scheduling conference with centrally assessed parties to a hearing for appealing values. 59-2-1007
	USTC	Mail bill to county assessors for personal property auditing services.
August 6	USTC	Complete all Sales Ratio corrective action order compliance audits. R884-24p-27(E)5
By August 15	Recorder	Report all ownership changes for the first seven months to county assessors. (Subsequent ownership changes are reported on the fifteenth day of each month for the remainder of the year.) 17-21-22
By August 17	Taxing Entities & Auditor	Taxing entities proposing judgment levy and tax increases are to advertise the tax increase and/or judgment levy, hold public hearings, adopt by resolution final budgets and tax rates and report this information to county auditor & USTC on Report 800 "Resolution Adopting Final Tax Rates and Budgets". If the resolution is not forwarded to auditor by August 17, auditor is to forward the certified tax rate to USTC. 59-2-920
	Taxing Entities	Specific public notice (Truth in Taxation advertisements) of public hearings must be provided in the two weeks preceding the hearing. 59-2-919
On or before September 1	Auditor or Treasurer	Application for homeowner's credit (circuit breaker) filed with county. 59-2-1206
	Auditor or Treasurer	Applications for tax relief filed with county for veteran and blind exemptions and indigent abatements and deferrals. 59-2-1105 (veteran); 59-2-1106 (blind); 59-2-1109 (indigent)
	Treasurer	Remit payment to USTC for personal property audit services
September 15	Board of Equalization	Deadline for filing appeals (or 45 days after Valuation Notice, whichever is later).
By September 30 (suggested)	USTC	Final approval of the certified and proposed tax rates for each taxing entity. Once approved, the USTC sends official notice of the approval to the county auditors. 59-2-914

MEET THE DIVISION

Lucas Hendrickson

Name: Lucas Hendrickson
Job Title: Tax Appraisal Specialist
Section: Property Tax Natural Resources Section
Job Duties: Assist with the appraisal of natural resource properties for the purposes of property tax assessment. Work consists of oil and gas wells and non-metal mines.

Email: lhendrickson@utah.gov
Phone: 801-297-3609



Matthew Hurst

Name: Matthew Hurst
Job Title: Tax Appraisal Specialist
Section: Property Tax Natural Resources Section
Job Duties: Assist with the appraisal of natural resource properties for the purposes of property tax assessment. Work consists of oil and gas wells.

Matt lives in Taylorsville, with his wife Krista and one year old daughter, Hailey.

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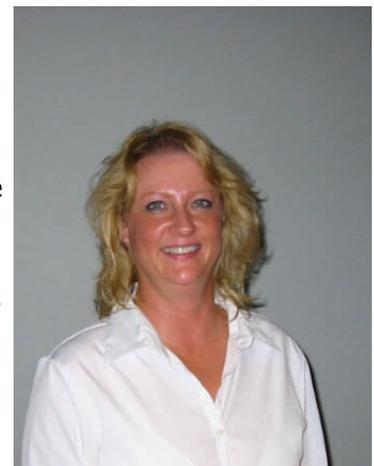


Joy Jasperson

Job Title: Tax Appraisal Specialist
Section: Real Property Section
Just started in March of this year. Previously worked at Utah County as an appraiser and most recently in data analysis.
Job Duties: Representative of the State Tax Commission and liaison to Salt Lake and Uintah counties, assisting in functions of the Property Tax Division.

Joy lives in Payson, Utah, she has 2 children, but claims their spouses as hers as well Jenny (her husband, James), and Bradley (his wife, Shelly).

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Propertytax.utah.gov**

Ask the Division:

What's a CDRA?

A CDRA is the “new and improved” name for an RDA. Actually it represents the term “Community Development and Renewal Agency.” A Community Development and Renewal Agency is created by a community’s legislative board with the hope that they will solve community issues such as:

- Cleaning up problem or potentially dangerous areas.
- Stabilizing neighborhoods.
- Increasing value thereby increasing tax revenues to improve areas.
- Adding jobs and new businesses to the area
- Improving the real estate market
- Funding low-income housing needs.

There are basically three types of CDRAS: (1) Urban Renewal (basically the RDA we used to know), (2) Economic Development (improving job base), and (3) Community Development. Both Urban Renewal and Economic Development use tax increment to fund their projects while Community Development uses interlocal agreements between all entities that

want to participate in the development.

Tax Increment

Tax increment is the main source of funding for a CDRA. The year a CDRA is established becomes the base year for calculating tax increment.

Example:

If the land and buildings in an area had a taxable value of \$1,000,000 when a CDRA was created, that \$1,000,000 value would be the “base” value. All the value that is added to that base from the redevelopment becomes the incremental value.

Therefore after new development, the area has a taxable value of \$10,000,000. The incremental value is determined by subtracting the base value from the new taxable value: \$10,000,000 - \$1,000,000 thereby establishing a \$9,000,000 incremental value. This value is multiplied by the area’s tax rate to determine tax increment.

ie: $\$9,000,000 \times 0.001100 = \$9,900$ tax increment paid to CDRA.

Tax Rates

Let’s hand out the accolades and the pats on the back. We, the County Assessors, Auditors, and Treasurers, all doing our own part, were able to set the State Basic Levy and the Multi-County Assessing and Collecting Levy by June 20th, two full days ahead of our previous record. Additionally, we had several counties that had their Certified Tax Rates available to send to their entities by the June 8th statutory deadline and the balance will be done in June; in fact, the majority of the counties were completed before June 22nd. Good job!!